

MECOSTA TOWNSHIP
(mecosta)
STATWOOD, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Mecosta Township	County Mecosta
Audit Date 3/31/04	Opinion Date 6/30/04	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

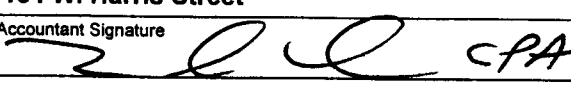
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.			
Street Address 134 W. Harris Street	City Cadillac	State MI	ZIP 49601
Accountant Signature 		Date 7/22/04	

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Mecosta Township
Stanwood, Michigan

We have audited the accompanying general-purpose financial statements of Mecosta Township, Stanwood, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances and general fixed asset balances of Mecosta Township, Stanwood, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid and changes in general fixed assets for the year then ended on the basis of accounting described in Note I.B.

Our examination was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter and Bishop, P.C.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		FIDUCIARY		ACCOUNT		TOTAL
	GENERAL	SPECIAL REVENUE	FUND TYPE	AGENCY	GENERAL	FIXED ASSETS	
Cash	\$ 4,719	\$ 911	\$ 11,741		\$ 0		\$ 17,371
Commercial Account	153,562	149,614	0		0		303,176
Money Market Accounts	160,563	0	0		0		160,563
Certificate of Deposit	5,988	4,756	0		0		10,744
Taxes Receivable	0	0	0		27,324		27,324
Land and Improvements	0	0	0		238,627		238,627
Buildings and Improvements	0	0	0		325,135		325,135
Equipment							
TOTAL ASSETS	\$ 324,832	\$ 155,281	\$ 11,741	\$	\$ 591,086	\$	1,082,940

The accompanying notes are an integral part of these financial statements.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		FIDUCIARY		ACCOUNT GROUP		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	FUND TYPE		GENERAL FIXED ASSETS		
			AGENCY				
<u>LIABILITIES AND EQUITY</u>							
<u>LIABILITIES</u>							
Payroll Withholdings	\$ 1,497	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 1,497
Customer Deposits	425	0		0		0	425
Deferred Revenue	5,988	4,756		0		0	10,744
Total Liabilities	\$ 7,910	\$ 4,756	\$ 0	0	\$ 0	0	\$ 12,666
<u>EQUITY</u>							
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 0	0	\$ 591,086	\$ 591,086	\$ 591,086
Balance							
Reserved for Building Inspections	23,131	0		0		0	23,131
Reserved for Fire Protection	0	150,525		0		0	150,525
Unreserved	293,791	0		11,741		0	305,532
Total Equity	\$ 316,922	\$ 150,525	\$ 11,741	\$ 11,741	\$ 591,086	\$ 591,086	\$ 1,070,274
TOTAL LIABILITIES AND EQUITY	\$ 324,832	\$ 155,281	\$ 11,741	\$ 11,741	\$ 591,086	\$ 591,086	\$ 1,082,940

The accompanying notes are an integral part of these financial statements.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	
<u>RECEIPTS</u>			
Taxes	\$ 80,199	\$ 66,027	\$ 146,226
Licenses and Permits	63,447	0	63,447
State Grants	162,251	0	162,251
Charges for Services	2,136	0	2,136
Interest and Rents	9,862	1,219	11,081
Other Receipts	36,466	0	36,466
Total Receipts	\$ 354,361	\$ 67,246	\$ 421,607
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 37,255	\$ 0	\$ 37,255
General Government			
Supervisor	12,682	0	12,682
Assessor	21,532	0	21,532
Election	3,772	0	3,772
Clerk	35,365	0	35,365
Board of Review	1,356	0	1,356
Treasurer	28,070	0	28,070
Building and Grounds	51,513	0	51,513
Cemetery	2,651	0	2,651
Public Safety	61,288	72,583	133,871
Public Works	137,718	0	137,718
Community and Economic Development	24,401	0	24,401
Other Functions	8,204	0	8,204
Total Disbursements	\$ 425,807	\$ 72,583	\$ 498,390
Excess of Receipts Over (Under) Disbursements	\$ (71,446)	\$ (5,337)	\$ (76,783)
<u>BALANCE - April 1, 2003</u>	388,368	155,862	544,230
<u>BALANCE - March 31, 2004</u>	\$ 316,922	\$ 150,525	\$ 467,447

The accompanying notes are an integral part of these financial statements.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND			SPECIAL REVENUE FUND TYPES		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>						
Taxes	\$ 60,000	\$ 80,199	\$ 20,199	\$ 75,000	\$ 66,027	\$ (8,973)
Licenses and Permits	40,400	63,447	23,047	0	0	0
State Grants	150,000	162,251	12,251	0	0	0
Charges for Services	1,610	2,136	526	0	0	0
Interest and Rents	4,000	9,862	5,862	1,000	1,219	219
Other Receipts	0	36,466	36,466	0	0	0
Total Receipts	\$ 256,010	\$ 354,361	\$ 98,351	\$ 76,000	\$ 67,246	\$ (8,754)
<u>DISBURSEMENTS</u>						
Legislative						
Township Board						
General Government	\$ 42,000	\$ 37,255	\$ 4,745	\$ 0	\$ 0	\$ 0
Supervisor	13,000	12,682	318	0	0	0
Assessor	27,000	21,532	5,468	0	0	0
Election	4,500	3,772	728	0	0	0
Clerk	37,000	35,365	1,635	0	0	0
Board of Review	2,000	1,356	644	0	0	0
Treasurer	30,000	28,070	1,930	0	0	0
Building and Grounds	59,000	51,513	7,487	0	0	0
Cemetery	10,600	2,651	7,949	0	0	0

The accompanying notes are an integral part of these financial statements.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		SPECIAL REVENUE FUND TYPES			
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
Public Safety	65,000	61,288	3,712	35,000	72,583	(37,583)
Public Works	147,000	137,718	9,282	0	0	0
Community and Economic Development	25,000	24,401	599	0	0	0
Other Functions	31,000	8,204	22,796	0	0	0
Contingency	62,910	0	62,910	1,000	0	1,000
Total Disbursements	\$ 556,010	\$ 425,807	\$ 130,203	\$ 36,000	\$ 72,583	\$ (36,583)
Excess of Receipts Over (Under) Disbursements	\$ (300,000)	\$ (71,446)	\$ 228,554	\$ 40,000	\$ (5,337)	\$ (45,337)
<u>BALANCE - April 1, 2003</u>	300,000	388,368	88,368	0	155,862	155,862
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 316,922	\$ 316,922	\$ 40,000	\$ 150,525	\$ 110,525

The accompanying notes are an integral part of these financial statements.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mecosta Township is a general law township located in Mecosta County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Mecosta Township Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution. Authorized depositories shall be designated by the Mecosta Township Board at the Board's first meeting of each fiscal year. (April meeting)
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in (a).
- (e) Bankers' acceptances of United States banks.
- (f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than 1 standard rating service.
- (g) Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by the Township. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

- (h) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (i) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.111 to 129.118.
- (j) The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liabilities recognized are for hall rental deposits and unremitted payroll tax withholdings.

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

5. Use of Estimates

This presentation of financial statements in conformity with the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 11, 2003 or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. Excess of Disbursements Over Appropriations

For the year ended March 31, 2004, the Fire Fund disbursements of \$72,583 exceeded appropriations of \$36,000 by \$36,583. The excess was funded by the available balance in the Fire Fund.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Township's deposits are held separately by several of the Township's funds. At year-end, a total of \$438,563 of the Township's \$638,563 of deposits are in accounts which exceed federal depository insurance and are uncollateralized. The remaining \$200,000 is insured. At year-end, the carrying amount of the Township's deposits was \$481,110 and the bank balance was \$638,563.

The carrying amount of the Townships deposits at year-end are shown below:

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Chemical Bank	
Big Rapids, Michigan	
Commercial Account	\$ 17,371
Money Market Account	
First Bank	303,176
Lakeview, Michigan	
Certificate of Deposit	
	<u>160,563</u>
TOTAL	\$ <u><u>481,110</u></u>

B. Fixed Assets

Activity in the General Fixed Assets Account Group for the Township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Improvements	\$ 27,324	\$ 0	\$ 0	\$ 27,324
Buildings and Improvements	216,456	22,171	0	238,627
Equipment	295,727	29,408	0	325,135
	<u>\$ 539,507</u>	<u>\$ 51,579</u>	<u>\$ 0</u>	<u>\$ 591,086</u>

IV. OTHER INFORMATION

A. Property Taxes

The Township levied 1.2181 mills for general operating purposes on a state taxable valuation of \$81,553,810 on the 2003 tax roll. In addition, the Township levied 0.9675 mills for fire protection.

Properties are assessed December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are due on or before February 14 with a final collection date of February 28, before they are added to the county tax rolls. Property taxes levied December 1 which are collected prior to the end of the Township's fiscal year, are recognized as income in the year in which they are levied.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Interest Income and Expenses

For the year ended March 31, 2004, interest income on deposits and investments, and interest expense is summarized as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 7,642	\$ 0
Fire Fund	1,219	0
	<u>\$ 8,861</u>	<u>\$ 0</u>

C. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

D. Current Tax Collection Fund Balance

The balance of \$11,741 remaining in the Current Tax Collection Fund at March 31, 2004, consisted of late payment penalties, interest earnings and delinquent personal property taxes.

E. Retirement Plan

The Township has a defined contribution pension plan with Manufacturers Life Insurance Company which covers all elected officials. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. An employee's normal retirement date is age 65 except for those who choose early retirement.

Township contributions to the plan for 2003-2004 amounted to \$15,624 including administration fees of \$983. Total covered payroll amounted to \$47,380 and total wages including non-covered payroll was \$90,635.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

F. Mecosta-Austin Fire Department

The Mecosta-Austin Fire Department is a joint venture by and between the townships of Mecosta and Austin. This joint venture was created to provide fire protection for the listed governments.

For the year ended March 31, 2004, the Township contributed a total of \$72,583 to the Fire Authority.

The following financial information was taken from the Fire Authority's March 31, 2002 audited financial statements:

Total Assets	\$ 66,136
Fund Balance - Unreserved	66,136
Total Receipts	88,278
Total Disbursements	56,461
Net Increase (Decrease) in Fund Balance	31,817

A copy of these audited financial statements may be obtained upon request from the Fire Authority Treasurer.

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 4,719
Money Market Account	153,562
Certificate of Deposit	160,563
Taxes Receivable	5,988
	<hr/>
TOTAL ASSETS	\$ 324,832
	<hr/>

LIABILITIES AND EQUITY

LIABILITIES

Payroll Withholding	
Customer Deposits	\$ 1,497
Deferred Revenue	425
	5,988
	<hr/>
Total Liabilities	\$ 7,910
	<hr/>

EQUITY

Balance	
Reserved for Building Inspections	\$ 23,131
Unreserved	293,791
	<hr/>
Total Equity	\$ 316,922
	<hr/>
TOTAL LIABILITIES AND EQUITY	\$ 324,832
	<hr/>

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

GENERAL FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 60,000	\$ 80,199	\$ 20,199
Licenses and Permits	40,400	63,447	23,047
State Grants	150,000	162,251	12,251
Charges for Services	1,610	2,136	526
Interest and Rents	4,000	9,862	5,862
Other Receipts	0	36,466	36,466
Total Receipts	\$ 256,010	\$ 354,361	\$ 98,351
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 42,000	\$ 37,255	\$ 4,745
General Government			
Supervisor	13,000	12,682	318
Assessor	27,000	21,532	5,468
Election	4,500	3,772	728
Clerk	37,000	35,365	1,635
Board of Review	2,000	1,356	644
Treasurer	30,000	28,070	1,930
Building and Grounds	59,000	51,513	7,487
Cemetery	10,600	2,651	7,949
Public Safety	65,000	61,288	3,712
Public Works	147,000	137,718	9,282
Community and Economic Development	25,000	24,401	599
Other Functions	31,000	8,204	22,796
Contingency	62,910	0	62,910
Total Disbursements	\$ 556,010	\$ 425,807	\$ 130,203
Excess of Receipts Over (Under) Disbursements	\$ (300,000)	\$ (71,446)	\$ 228,554
<u>BALANCE - April 1, 2003</u>	300,000	388,368	88,368
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 316,922	\$ 316,922

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 74,264
Delinquent Property Taxes	5,852
Swamp Tax	83

Total Taxes

\$ 80,199

LICENSES AND PERMITS

Zoning Permits	\$ 3,433
Building Permits	60,014

Total Licenses and Permits

63,447

STATE GRANTS

State Shared Receipts
Sales and Use Tax

162,251

CHARGES FOR SERVICES

Cable Franchise

2,136

INTEREST AND RENTS

Interest Income	\$ 7,642
Hall Rental	2,220

Total Interest and Rents

9,862

OTHER RECEIPTS

Refunds and Rebates	\$ 6,522
Miscellaneous	858
Sale of Fixed Assets	14,086
Contributions	15,000

Total Other Receipts

36,466

TOTAL GENERAL FUND RECEIPTS

\$ 354,361

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board		
Personal Services		
Salaries and Wages	\$	3,600
Per Diem		1,440
Employee Benefits		
Retirement Contributions		1,591
Social Security Contributions		74
Supplies		
Office Supplies		85
Operating Supplies		7,525
Other Services and Charges		
Contracted Services		4,109
Education and Training		650
Contributions to Other Government		5,258
Printing and Publishing		289
Miscellaneous - Dues		1,058
Miscellaneous - Other		2,026
Capital Outlay		9,550
		<hr/>
Total Legislative	\$	37,255

GENERAL GOVERNMENT

Supervisor		
Personal Services		
Salaries and Wages	\$	8,500
Per Diem		480
Employee Benefits		
Retirement Contributions		2,934
Social Security Contributions		130
Supplies		
Operating Supplies		195
Other Services and Charges		
Repairs and Maintenance		275
Miscellaneous-Dues		100
Miscellaneous-Other		68
		<hr/>
	\$	12,682

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Assessor			
Supplies			
Operating Supplies	\$	653	
Other Services and Charges			
Contracted Services		20,804	
Miscellaneous		75	21,532
Elections			
Personal Services			
Salaries and Wages	\$	1,555	
Employee Benefits			
Social Security Contributions		31	
Supplies			
Operating Supplies		953	
Other Services and Charges			
Education and Training		100	
Contracted Services		365	
Printing and Publishing		607	
Miscellaneous		161	3,772
Clerk			
Personal Services			
Salaries and Wages	\$	17,865	
Per Diem		720	
Employee Benefits			
Retirement Contributions		6,449	
Social Security Contributions		323	
Supplies			
Office Supplies		1,014	
Operating Supplies		1,329	
Other Services and Charges			
Contracted Services		550	
Education and Training		1,300	
Dues		50	
Capital Outlay		5,765	35,365
Board of Review			
Personal Services			
Salaries and Wages	\$	1,200	
Other Services and Charges			
Miscellaneous		156	1,356

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Treasurer			
Personal Services			
Salaries and Wages	\$	16,100	
Per Diem		660	
Employee Benefits			
Retirement Contributions		4,650	
Social Security Contributions		350	
Supplies			
Office Supplies		1,650	
Operating Supplies		1,530	
Other Services and Charges			
Contracted Services		970	
Miscellaneous		200	
Dues		35	
Capital Outlay		1,925	28,070
Building and Grounds			
Personal Services			
Salaries and Wages	\$	5,545	
Employee Benefits			
Social Security Contributions		391	
Supplies			
Office Supplies		179	
Operating Supplies		3,412	
Other Services and Charges			
Contracted Services		1,499	
Communication		2,258	
Utilities		2,928	
Repairs and Maintenance		962	
Capital Outlay		34,339	51,513
Cemetery			
Personal Services			
Per Diem	\$	120	
Employee Benefits			
Social Security Contributions		1	
Supplies			
Operating Supplies		36	

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Other Services and Charges
Public Utilities
Dues
Aid to Other Government
Stanwood Cemetery
Fairview Cemetery

69
25

1,800
600

2,651

Total General Government

156,941

PUBLIC SAFETY

Building Inspection
Personal Services
Salaries and Wages
Employee Benefits
Social Security Contributions
Supplies
Office Supplies
Operating Supplies
Other Services and Charges
Contracted Services
Travel
Printing and Publishing
Education and Training
Repairs and Maintenance
Miscellaneous

\$ 42,285
2,594
58
11,980
2,322
102
262
345
1,091
249

Total Public Safety

61,288

PUBLIC WORKS

Highway, Streets, and Bridges
Other Services and Charges
Contracted Services
Street Lights

\$ 135,870
1,848

Total Public Works

137,718

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

COMMUNITY AND ECONOMIC DEVELOPMENT

Zoning

Personal Services

Salaries and Wages

\$ 5,345

Per Diem

3,000

Employee Benefits

Social Security Contributions

408

Supplies

Operating Supplies

188

Other Services and Charges

Contracted Services

12,829

Travel

38

Printing and Publishing

365

Education and Training

2,205

Miscellaneous

23

Total Community and Economic Development

24,401

OTHER FUNCTIONS

Personal Services

Employee Benefits

Workers Compensation

\$ 1,416

Other Services and Charges

Insurance and Bonds

6,560

Miscellaneous

228

Total Other Functions

8,204

TOTAL GENERAL FUND DISBURSEMENTS

\$ 425,807

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

FIRE FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 911
Money Market Account	149,614
Taxes Receivable	<u>4,756</u>
Total Assets	\$ <u>155,281</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 4,756
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EQUITY

Balance	
Reserved for Fire Protection	<u>150,525</u>

TOTAL LIABILITIES AND EQUITY	\$ <u>155,281</u>
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MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

FIRE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 75,000	\$ 58,984	\$ (16,016)
Delinquent Property Taxes and Interest	0	7,043	7,043
Interest and Rents			
Interest Income	1,000	1,219	219
Total Receipts	\$ 76,000	\$ 67,246	\$ (8,754)
<u>DISBURSEMENTS</u>			
Public Safety			
Aid to Other Government			
Mecosta-Austin Fire Department	\$ 35,000	\$ 72,583	\$ (37,583)
Contingency	1,000	0	1,000
Total Disbursements	\$ 36,000	\$ 72,583	\$ (36,583)
Excess of Receipts Over (Under) Disbursements	\$ 40,000	\$ (5,337)	\$ (45,337)
<u>BALANCE</u> - April 1, 2003	0	155,862	155,862
<u>BALANCE</u> - March 31, 2004	\$ 40,000	\$ 150,525	\$ 110,525

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash - Commercial Account

\$ 11,741

EQUITY

Balance

\$ 11,741

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections		\$ 1,809,413
Interest Income		331
Delinquent Tax Collections and Interest		86,560
Dog License Fees		539
Overcollections from Taxpayers		5,997
Late Payment Penalty and Interest		1,101
		<hr/>

Total Receipts

\$ 1,903,941

DISBURSEMENTS

Payments to State Treasurer		
Current Tax	\$ 90,065	
Delinquent Tax	78,961	\$ 169,026
	<hr/>	
Payments to County Treasurer		
Current Tax	\$ 683,189	
Dog Licenses	539	683,728
	<hr/>	
Payments to Township Treasurer		
Current Tax		
Operating	\$ 74,264	
Fire	58,984	
Reimbursements	2,002	
Penalties and Interest	635	135,885
	<hr/>	
Payments to School Treasurer		
Morley Stanwood		
Current Tax		713,915
Payments to Intermediate School Treasurer		
Mecosta - Osceola		
Current Tax		189,000
Refund to Taxpayers for Overcollections		5,997
Bank Charges		46
		<hr/>

Total Disbursements

1,897,597

Excess of Receipts Over (Under) Disbursements

\$ 6,344

BALANCE - April 1, 2003

5,397

BALANCE - March 31, 2004

\$

11,741

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Improvements	\$ 27,324	\$ 0	\$ 0	\$ 27,324
Buildings and Improvements	216,456	22,171	0	238,627
Equipment	295,727	29,408	0	325,135
	<u>\$ 539,507</u>	<u>\$ 51,579</u>	<u>\$ 0</u>	<u>\$ 591,086</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 539,507</u>	<u>\$ 51,579</u>	<u>\$ 0</u>	<u>\$ 591,086</u>

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

STATEMENT OF 2003 REGULAR TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County		
County - State Education Tax	\$ 366,711	
Township	249,826	
Operating	60,893	
Fire	48,363	
School		
Morley Stanwood Community Schools	675,421	
Intermediate School		
Mecosta - Osceola	205,362	\$ 1,606,576

TAXES COLLECTED

County		
County - State Education Tax	\$ 330,650	
Township	235,960	
Operating	54,905	
Fire	43,607	
School		
Morley Stanwood Community Schools	602,664	
Intermediate School		
Mecosta - Osceola	185,168	1,452,954

TAXES RETURNED DELINQUENT

County		
County - State Education Tax	\$ 36,061	
Township	13,866	
Operating	5,988	
Fire	4,756	
School		
Morley Stanwood Community Schools	72,757	
Intermediate School		
Mecosta - Osceola	20,194	\$ <u>153,622</u>

MECOSTA TOWNSHIP
STANWOOD, MICHIGAN

STATEMENT OF 2003 INDUSTRIAL FACILITIES TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County			
Township	\$	116,579	
Operating			
Fire		19,359	
School		15,376	
Morley Stanwood Community Schools			
Local Share			
State Share		111,250	
Intermediate School		28,607	
Mecosta - Osceola			
Local Share			
State Share		3,830	
		<u>61,458</u>	\$ 356,459

TAXES COLLECTED

County			
Township	\$	116,579	
Operating			
Fire		19,359	
School		15,376	
Morley Stanwood Community Schools			
Local Share			
State Share		111,250	
Intermediate School		28,607	
Mecosta - Osceola			
Local Share			
State Share		3,830	
		<u>61,458</u>	<u>356,459</u>

TAXES RETURNED DELINQUENT

County			
Township	\$	0	
Operating			
Fire		0	
School		0	
Morley Stanwood Community Schools			
Local Share			
State Share		0	
Intermediate School		0	
Mecosta - Osceola			
Local Share			
State Share		0	
		<u>0</u>	\$ <u><u>0</u></u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

June 30, 2004

LETTER COMMENTS AND RECOMMENDATIONS

To the Township Board
Mecosta Township
Stanwood, Michigan

During the course of our audit of the general-purpose financial statements of Mecosta Township for the year ended March 31, 2004, we noted the following items:

Bank Reconciliations

During the year ending March 31, 2004, bank reconciliations were not done timely. The cause of this was due in part to changes in the Township's general ledger software. We recommend that all Township bank accounts be reconciled timely (within three weeks of receipt of the bank statements).

Bank Statement Cutoff Date

Currently, one of the Township bank accounts has a statement ending date other than month end. This causes additional difficulty in reconciling the bank account. All bank statements should have a month end cutoff. We recommend the Township contact the bank about changing to a month end statement.

Reporting

Currently, the Township does not have a standard monthly procedure for closing and reconciling the accounting records of the Township. We recommend that procedures be implemented which would include printing and retaining standard reports each month, along with a procedures checklist enabling the Clerk and Treasurer to sign off as completing certain tasks related to end closing each month.

Industrial Facilities Tax Exemption (IFT)

During our audit, we noted corrections made relating to payment of prior year IFT amounts. It appears that the prior IFT funds have now been paid to the proper entities. For the current year IFT, the tax notices were printed with an error relating to the number of mills levied for a certain tax. The Treasurer has informed us that this error will be corrected at the next Board of Review meeting, and that the correct amount of tax will be collected and remitted to the proper units of government.

Payroll

During our audit, we noticed that difficulty existed in obtaining the correct information from the computer system to file payroll tax returns and remit payroll tax withholdings. The Clerk has begun to understand how to obtain the proper information from the computer to perform these tasks correctly and will do so in the future.

Reconciliation Between Clerk and Treasurer Records

During the year, the Clerk and Treasurer were not in agreement as to the correct balances related to the Township's general ledger. The Michigan Accounting Procedures Manual requires that the Clerk and Treasurer communicate and agree as to the proper balances in the general ledger. We are in the process of assisting the Township in meeting this requirement.

Township Hall Rental Deposits

We recommend the Township maintain a formal written subsidiary ledger to account for Township Hall rental deposits. While performing our audit, we noticed this was not being maintained.

Permit Accounting

We tested your permit accounting and issued a separate letter dated June 11, 2004 detailing those test results. Consideration should be given to implementing change to the permit accounting system.

Government Accounting Standards Board (GASB) Statement 34

GASB has issued its new financial accounting model for governmental entities. This pronouncement will become effective for Mecosta Township for its fiscal year ending March 31, 2005. The most significant change will be the requirement to report cost and depreciation information for fixed assets such as buildings and equipment. We are available to advise you on how to proceed with this project, and what the Michigan Department of Treasury will require for Township's relating to GASB 34.

Budgeting

P.A. 621 requires that budgets be amended by the Township prior to disbursing funds in excess of amounts appropriated. For the year ended March 31, 2004, the Fire Fund budget was in violation of P.A. 621.

Reportable Condition in Internal Controls

In planning and performing our audit of the general-purpose financial statements of Mecosta Township for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements.

Certain matters considered to be reportable conditions in internal controls were noted. We are issuing a separate letter (letter of reportable conditions) which addresses those items noted.

We would like to thank the Board for awarding our firm the audit assignment and to thank the Township Clerk and Treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter and Bishop, P.C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

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MICHAEL D. COOL, C.P.A.

June 30, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Mecosta Township
Stanwood, Michigan

In planning and performing our audit of the general-purpose financial statements of Mecosta Township, Stanwood, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter and Bishop, P.C.